SOME ASPECTS OF THE MINIMUM WAGE

The principle of the minimum wage has been accepted by at least nine of our state legislatures and provision made for the regulation of the wages of women and minors employed. Massachusetts led the way by adopting an emasculated measure in 1912. Wisconsin, Minnesota, Washington, Oregon, California, Colorado, Nebraska, and Utah have followed in 1913—all of these adopting laws for the authoritative fixation and enforcement of minimum standards. Though they have acted adversely or adjourned without action, the legislatures of several other states—among them Illinois, New York, Pennsylvania, Ohio, Kansas, Missouri, and Tennessee—have had similar measures under consideration. The minimum-wage movement is making great headway, and, unless checked by the courts or found undesirable in practice, seems destined to become fairly general in the United States.

No doubt the increasing cost of living has had not a little to do in commending this new branch of labor legislation to public favor. The rise of prices has brought great sacrifice to all, who have slowly changing incomes. Yet, in the last analysis, the minimum-wage movement is but one evidence of a quickened public conscience which is begetting progressive legislation along diverse lines. New standards are being set for corporate business, for promoters' activities, for the use of natural resources, as well as for working conditions in mine, factory, and store. Though labor legislation has lagged behind our working ideals, two decades have witnessed the enactment of far-reaching measures for the conservation of childhood in almost every state of industrial consequence. Though only a few states have established the eight-hour day with rigid regulations designed to conserve the interests of women and youths gainfully employed, almost three-fourths of the state legislatures have legislated less radically upon this subject and thus set standards of some kind. A few years have witnessed a remarkable substitution of compensation or insurance for the method of suit for damages under the law of employers' liability for injuries sustained in the course of duty. More than a beginning has been made in

the sanitation of workshops, and at least a beginning has been made in the prevention of industrial accidents and occupational disease. All of these branches of labor legislation have as their object the conservation of human life, health, and efficiency, and the safeguarding of a modicum of opportunity. And now the regulation of wages is advanced as the next logical step in this program of human conservation. It is urged as the keystone of the arch in labor legislation.

The demand for better wage standards for women and minors in this country is not new. It took on definite form some twenty years ago when the Consumers' League was organized. That organization, with its national and local bodies, attempted to secure desirable standards of wages, hours, sanitation, and child labor by arousing public opinion and causing purchasers to buy goods produced under desirable conditions from dealers who observed high standards in the treatment of their employees. This method of attack, however, was not entirely successful. While it had the greatest educational value, more than fifteen years of experience proved that, even with the greatest effort carefully expended, an adequate appeal could not be made to the great body of purchasers and that those employers who handicapped themselves by observing high standards were frequently undermined by other employers who were less scrupulous. The Consumers' League was finally forced to the conclusion that the attack upon undesirable conditions must be made through positive law, general and inclusive in its application and authoritative in its demands. Accordingly in 1908 the application through law of the principle of the minimum wage was made a part of its Ten Years' Program.[1] It has been largely by organized effort under the leadership of the Consumers' League and the Women's Trade-Union League that the minimum wage has been kept before the public and that the movement has taken on its present proportions in this country.

The problem being attacked by this wage legislation is a serious one. It is true that, as compared with the wages of Great Britain

[1] A convenient summary of the experience of the Consumers' League will be found in an article by Mrs. Florence Kelley, "Minimum Wage Boards," in the *American Journal of Sociology*, XVII, 303–14.

and the countries of Continental Europe, our level of wages is high. It is a well-established fact that they are considerably higher here than in Great Britain, and still higher than in France, Germany, and the other industrial countries of Europe. Nor is the difference in the cost of decent living so great as has been generally supposed. The general body of laborers in the United States occupies a superior position. Yet, it must be admitted that there are hundreds of thousands of women in the United States engaged in the "home trades," factories, and stores, who are not earning a living wage.

In recent years the United States Bureau of Labor, the Immigration Commission, the Massachusetts Minimum Wage Commission, the Social Survey Committee of the Consumers' League of Oregon, some of the state bureaus of labor, and several social workers have presented in usable form a mass of acceptable data relating to the earnings and living conditions of women workers.[1] In cities like Chicago, New York, and Boston, it is generally agreed that with economy a single woman cannot live decently and maintain her efficiency on less than $8 per week. Yet the federal Bureau of Labor found from the payrolls that of the women and girls employed in eight department stores in the city of Chicago, 6.2 per cent earned less than $4, 23.3 per cent less than $6, and 53.4 per cent less than $8 per week.[2] From its investigation of women and girls employed in stores in New York, Chicago, Philadelphia, St. Louis, Boston, Minneapolis, and St. Paul—seven cities in all—the Bureau found that of those living with their families, 34.6 per cent earned less than $6, and 68.7 per cent less than $8

[1] Much valuable data bearing upon these subjects may be obtained from the publications in the following list: United States Bureau of Labor, *Report on Condition of Woman and Child Wage-Earners in the United States* (in 19 volumes), 61st Cong., 2d sess., Senate Doc. 645, especially Vols. II and V; United States Immigration Commission, *Reports*, 61st Cong., 2d sess., Senate Doc. 633, especially those on the textile trades; Massachusetts, *Report of the Commission on Minimum Wage Boards*, 1912; Oregon, *Consumers' League, Social Survey*, 1913; Streightoff, *Distribution of Incomes in the United States;* Streightoff, *The Standard of Living;* Butler, *Women and the Trades;* Byington, *Homestead: Households of a Mill Town;* Chapin, *The Standard of Living among Workingmen's Families in New York City;* More, *Wage-Earners' Budgets.*

[2] Bureau of Labor, *Report on Condition of Woman and Child Wage-Earners in the United States*, V, 107.

per week. Of those "adrift" (i.e., not living at home), almost one-fifth (19.3 per cent) earned less than $6, and almost three-fifths (58.6 per cent) less than $8 per week.[1]

Thus with reference to needs, the level of wages[2] of women and girls employed in stores is low. Yet even below this low level, the investigations show, are women's wages in factories, where the employees cannot be said to be attracted by social opportunities and the desire to be well dressed.[3] Taking the earnings of a representative number of women and girls (sixteen years of age and over) engaged in the manufacture of men's clothing in New York, Rochester, Philadelphia, Baltimore, and Chicago, where this industry is extensively localized, it was shown that 49 in every 100 earned less than $6 per week.[4] In Chicago they averaged $7.15 per week, in Rochester $6.93, in New York $5.74, in Philadelphia $6.00, in Baltimore $4.82.[5] Taking 70 factories contributing 37.4 per cent of the output of men's clothing in Chicago, it was found that 11.8 per cent of the women workers eighteen years of age or over earned less than $4 per week, 33 per cent less than $6, and 56.3 per cent less than $8.[6] The annual earnings of a representative but smaller number (sixteen years of age and over), studied in detail, averaged $375.10 in Chicago, $306.82 in Rochester, $277.86 in Philadelphia, and $291.66 in Baltimore.[7]

Still using the investigations of the Bureau of Labor, and passing on from the earnings of women employed in stores and factories, to those of women engaged as "home workers"—finishing clothing and doing other "sweated" work—we find a still lower level. A careful investigation of the clothing trade showed for a representative number of "home finishers" average full-time weekly earnings of $4.52 in Rochester, $3.76 in Philadelphia, $3.34 in Chicago, $3.14 in Baltimore, and $3.06 in New York.[8] These wages are more or less typical of the whole range of the home trades.

[1] *Ibid.*, p. 23.

[2] See, e.g., Bureau of Labor, *Report of Condition on Woman and Child Wage-Earners*, V, chap. ii; and Illinois, Bureau of Labor Statistics, *Reports* for 1906 and 1908.

[3] Bureau of Labor, *Report on Condition of Woman and Child Wage-Earners in the United States*, II, 129.

[4] *Ibid.*, p. 161.

[5] *Ibid.*, pp. 586–87.

[6] *Ibid.*, p. 172.

[7] *Ibid.*, p. 172.

[8] *Ibid.*, p. 227.

Employing a different source of information, the Massachusetts Minimum Wage Commission in 1910 found that earning less than $6 per week were 65.2 per cent of the women over eighteen years of age in the candy factories, 29.5 per cent of those in the retail stores, 40.7 per cent of those in the laundries, and 37.9 per cent of those in the cotton factories covered by its investigation. For those earning less than $8 per week the percentages become 93.1 in candy factories, 60.4 in retail stores, 75.1 in laundries, and 66.8 in cotton factories.[1]

These figures are not exceptional as regards women's wages in the industries in which most of those gainfully occupied find employment. That they are fairly typical might be shown by data drawn from other sources than those used. In view, then, of all the data at hand, it can no longer be disputed that a very large percentage of women earn less from their labor than is required to "maintain them in reasonable comfort, reasonable well-being, decency, and moral well-being"—a living wage as defined in terms of the new Wisconsin statute.

Another fact no longer to be disputed is that women's wages cannot be regarded in most cases as "pin money." A very considerable percentage of women workers are not living with their families. The Bureau of Labor found the percentage to be about 16; in Massachusetts it rose as high as 30. Again, many women are the heads of families and constitute their main support. Moreover, it was found by the agents of the Bureau of Labor that 78.7 per cent of the girls at work in stores in Chicago turned over all of their earnings to their families, and that all but 3.9 per cent contributed at least a part of their earnings to the family fund. Of those employed in factories, 81.3 per cent paid over their entire earnings, and only 1.5 per cent were not under the necessity of contributing to the support of their families.[2] The data drawn from New York and other cities correspond fairly well to these, and give a statistical measurement of the well-established fact that the pecuniary needs of the girls and women at home are in the majority

[1] Massachusetts, *Report of the Commission on Minimum Wage Boards*, p. 10.

[2] Bureau of Labor, *Report on Condition of Woman and Child Wage-Earners*, II, pp. 25, 105.

of cases not less than are the needs of those who are "adrift." The low wages of women are not to be dismissed lightly as "pin money." The Massachusetts Wage Commission was right when it said: "In the opinion of the Commission, the number who are working in order simply to add to their comforts or luxuries is insignificant." There "are a large number of women who must maintain themselves, ... many of these are called on to contribute also to the support of others . . . . [and] . . . . there is a large army of women upon whose assistance the welfare of their family groups depends in part."[1]

How, then, it may be asked, is the deficit from low wages met? By prostitution in aid of wages? Yes—in some cases, but such cases are relatively few. It may be remarked, parenthetically, that if any considerable percentage of women employed lose their virtue —and the evidence is to the contrary—it is to be explained chiefly by the environment and the effort to secure favor and not by the rate at which they are paid. Virtue is protected in poverty almost as generally as in riches. How, then, is the deficit usually met? Frequently it is made good by charity, public or private. The Massachusetts Commission found that 22.1 per cent of all candy workers and 27.8 per cent of those "adrift" were in receipt of charitable assistance. Of those earning less than $6 per week, one-fourth (24.1 per cent) of the entire number, and one-half (50 per cent) of those "adrift" received aid in the form of charity. Of those employed in stores, 12.7 per cent, and of those employed in laundries, 15.6 per cent were in receipt of charity, here again the larger number being found among those earning less than $6 per week.[2] Nor is this all of the bill met by charity. Who knows what part of those supported entirely in this manner have been undermined by inadequate living? The bill must be paid in some way. If it is not met by either of the ways suggested or by family assistance, it must be paid in the kind of living which spells, in the long run if not in the short run, the deterioration of health and efficiency and the sacrifice of opportunities for more than a wretched existence. The agents of the Bureau of Labor found that the average, not the

[1] Massachusetts, *Report of Commission on Minimum Wage Boards*, p. 17.

[2] *Ibid.*, pp. 323–26.

minimum, outlay of factory women "adrift" in Chicago without family protection, for food, shelter, heat, light, and laundry, was $3.40 per week—or less than fifty cents per day. The average cost of food, shelter, heat, light, and laundry for women employed in stores and "adrift" was $4.77 per week—or sixty-eight cents per day.[1] Now allow for the fact that these expenditures are averages and that approximately one-half fall below the sums given, in some cases far below, then translate them into living conditions, as the Bureau of Labor does,[2] and the substantial basis is found for the demand for a minimum living wage as defined in the legislative measures enacted or under consideration.

Measures, however, should be based upon an analysis of causes, and the minimum-wage measures should meet this test. What, then, are the causes of the low wages paid such large percentages of women at work? In some cases low wages are explained by youth and inexperience. Naturally the pay of beginners is low. Unfortunately it has been impossible to eliminate these entirely in this presentation of the problem by citing wage statistics for adults only. It must be said, however, that when wage data are compiled on the basis of length of service in the industry, they show that youth and inexperience are by no means the only important cause of low wages.[3] A second cause is found, of course, in what may be called general "under-efficiency." But after due allowance is made for this—and is not much of it due to under-payment?—it is found that many who are neither young and inexperienced nor noticeably lacking in efficiency earn small sums because of a low level of wages in certain establishments or in an entire trade. A third and an important cause of low wages is found in exploitation by individual employers or by the force of circumstances in industry.

One of the most striking facts brought out in all the investigations of trade and industry is that there is no well-defined level of women's wages in a given branch of employment. There is no

[1] Bureau of Labor, *Report on Condition of Woman and Child Wage-Earners in the United States*, V, chap. v.

[2] *Ibid.*, II, chaps. iv–x.

[3] See, e.g., Bureau of Labor, *Report on Woman and Child Wage-Earners in the United States*, II, 41–47, and V, 150–72.

standard. The scales differ greatly from one establishment to another either because of mismanagement and antiquated methods which do not permit some of the employers to pay more and make a profit, or because the employers exploit their laborers for an unusual gain. In either case, wages may be pushed down because of the absence or weakness of unions, the immobility and ignorance of the women, and the fact that there is an easy entrance to, but a congested exit from, the unskilled labor supply in which they find a place. In the candy industry of Massachusetts, for instance, "with its 41 per cent of adult women receiving less than $5 per week, a comparison of wage rates in different establishments shows that the lowest wages are confined to four (of eight) factories, in one of which, indeed, 53.3 per cent of the employees received less than $5, while the other seven factories paid not one single employee of eighteen or over so low a wage." Nor was the flagrant case one of an establishment producing a low-priced product or making use of a notoriously inefficient labor force. "Similar differences between establishments were found in the stores and laundries" of Massachusetts, which means that inefficient management or antiquated methods or unusual profits obtained in some cases—any one of them at the expense of the employees. Elsewhere the situation is the same.[1]

These inequalities of wages in the same industries and occupations are merely evidence of the fact, acknowledged by many employers, that the rate of wages to a large degree depends upon the personal equation of the employers and upon the helplessness of their employees, and not to a very exact degree upon the cost of labor in relation to the cost of production. Yet, in some industries, as in home work in the clothing trade, the force of competition is such and so great that there is a tendency for wages to approach the standard set by the less scrupulous employers, with the result that the industry as a whole becomes "sweated."

Thus, the low wages of women are not, as many would have us believe, chiefly a matter of low efficiency. To a very considerable

[1] For variations in wages by establishments, see especially Massachusetts, *Report of Commission on Minimum Wage Boards*, and Illinois, Bureau of Labor Statistics, *Report* for 1908, on women employed in department stores.

extent they are due to exploitation. To a very considerable extent, also, they are due to the cutting of wages by employers in an effort to remain in business with poor business management and antiquated methods. Inefficiency is not found in the labor force alone. In many cases it is made good in the management at the expense of the employees. To some extent the low wages are due to the fact that competition has operated in such a way as to reduce whole industries to the position of "sweated trades."

The minimum wage legislation is designed to meet the problem thus presented. It is not in its essence a demand that the young and inexperienced and the "under-efficient" shall be paid the same wages as the experienced and the efficient. It *is* designed to standardize and to rid the trades of their capricious differences and to raise the level of wages where the plane of competition in the entire trade is low. While recognizing exceptional cases to some extent, by an exercise of the police power of the state it would generally make sufficient wages a first charge upon industry.

Now, just what is meant by a "living wage," and how is it to be established? Let the legislative measures answer as definitely as they will.[1]

Though the legislation enacted and that in prospect differs somewhat from state to state, the Minnesota statute, approved April 26 of last year,[2] may be employed to convey the most nearly accurate idea of what is involved in this new branch of labor law, where minimum wages for women or for women and minors are authoritatively fixed. The Minnesota statute has created a wage commission of three, which may at its discretion and whose duty it shall be upon proper request to investigate conditions in any occupation where women and minors are employed. If, after investigation, this commission is of the opinion that the wages of one-sixth or more of the women and minors employed in an occupation are not "sufficient to maintain the worker in health and supply him with the necessary comforts and conditions of reasonable life"—a

[1] This paper was completed in October; hence the regulations imposed through a few determinations now in effect have not been brought to bear upon this and other questions raised.

[2] Chap. 547, General Laws of 1913.

"living wage"—it shall proceed forthwith to establish as a legal minimum a wage "sufficient for living" for women and minors of "ordinary ability" and, also, for "learners" and "apprentices." The legal minimum may be uniform for a trade or occupation throughout the state or may vary from one locality to another. In doing this work, the commission may employ in each case an advisory board, such board to consist of three sets of representatives. The workers and the employers are to be represented equally by from three to ten each, and the public by a number not exceeding that for each of the other two groups. At least one-fifth of the members of the board shall be women, and, so far as practicable, the employers and employees shall elect their own representatives. The board thus constituted is by majority vote to make a recommendation after investigation, to the wage commission. When the commission of its own initiative draws up a tentative order, or when it receives a recommendation from an advisory board, a public hearing is held. The proposed rates are reviewed and amended and approved, or referred back to the same advisory board or to a new one for further consideration. When, after investigation and a public hearing, a standard or standards are finally decided upon, an order is made establishing such standards as the lawful minima, and this order is mailed to employers in the trade to be posted by them in their establishments. Later, upon its own initiative or upon the petition of interested employees or employers, the commission may reconsider and modify its order, or continue it in effect without change. In order that the physically defective may not be unduly handicapped in securing employment, provision is made whereby they may obtain permits to work at fixed special (time) wages, but in no event may these workers exceed one-tenth of the whole number employed in any establishment. The penalty for paying less than the general or the special minima, as the case may be, or for violating any provision of the statute, is a fine of not less than $10 or more than $50, or imprisonment for not less than ten or more than sixty days. No contract to accept less than the legal rate is binding, and those who are paid less than the legal rate may recover the difference, together with court costs and attorney's fees.

These are the essential provisions of the Minnesota statute. Several variations in the measures adopted or considered in the other states should be cited. By far the most important of all is that under the Massachusetts and Nebraska laws and the defeated Illinois bill, the observance of standards set by the wage commission would be enforced only by the pressure of public opinion brought to bear upon employers who refused to accept the same—such employers being advertised in the public press.[1] This is not a completely authoritative system, for the acceptance of the rates established is not compulsory. The Utah statute and the very properly defeated Kansas bill present another type. In Utah, uniform minimum rates for the state for women, learners, and minors have been established, without investigation and without the intervention of a state commission or of wages boards. The specific standards are imposed by the legislature. In some states the "living wage" is defined, not as that which shall be "sufficient to maintain the worker in health and supply him with the necessary comforts and conditions of reasonable life," as in Minnesota, but as that which will safeguard "health and morals"—a distinctly lower standard. In most cases the provision relative to the granting of special permits is more liberal than in Minnesota where they may be granted to the physically defective alone. Finally, in Massachusetts and Nebraska when the claim is made that a standard set would imperil the industry and profits, the courts must review the standard and may set it aside. In this statute the principle is compromised and an immediate living wage may be made secondary to profit or business success. Under the other statutes adopted the application of the living wage principle is made mandatory in the regulated trades.

Thus, speaking generally, the minimum-wage laws would make a "living wage" a first charge upon the industries brought under regulation, special cases excepted. They contemplate the imposition of a standard rate or of standard rates like those established by collective agreements between employers and labor unions, except that in this particular case the minimum established for adults is

[1] For the main provisions of the minimum-wage laws adopted by Massachusetts and the other states, see the tabular analysis presented in the appendix, *infra*. pp. 156–59.

based upon the necessary cost of living of the individual of a kind that will safeguard health and morals. For the young and inexperienced, for learners and apprentices, suitable standards shall be imposed. The expectation usually is that this will be done so far as possible by a method not far removed from collective bargaining, the three parties to the matter—employers, employees, and the public—being represented.

Though the first of our American minimum-wage laws are just now going into effect, the world has had seventeen years' experience in such regulation. It began in Australia in the state of Victoria in 1896, and has since become fairly general as regards both men and women in most of the other states of that country. In many cases, it may be remarked, its more general application was made at the request of employers. A few years ago the Victorian system was applied to four badly sweated British trades in which many women were employed, and last year, in modified form, it was applied to the British coal trade in order to bring about industrial peace. In view of foreign experience and general considerations, what are likely to be the results of our legislation? What will it accomplish? What new problems will the attempt to solve the problem of low wages probably raise? Is it wise legislation so far as it goes? If so, are additional measures called for to supplement it? If not, where shall we look for a solution of the serious problem of low wages?

The first result to be expected is that the formation of wages boards will bring about a certain amount of organization of the employees in the trades regulated; most of them have been without effective organization, partly because of the difficulties involved in organizing such workers as are employed in these trades, partly because of the hostility employers have generally shown toward the organization of their employees. In Great Britain this has been the result; it may be expected here, where wages boards are used in establishing a minimum wage. This organization will be accompanied by something not far removed from collective bargaining, which should introduce a great deal of elasticity, whatever the law may be. It should go far to prevent such drastic action as would react quickly upon the interested parties. Yet it is not improbable

that some drastic action will be taken, for the character of the regulation will reflect the personnel of the commissioners.

The second and perhaps the most important result will be that wages will be standardized to an extent, and exploitation by unscrupulous employers will be checked. The employers who pay good wages will be protected against the undercutting of those who are less scrupulous or less competent.

A third result will be a leveling up of wages in the regulated trades. Where piece rates are paid and these are not sufficient to permit the great majority of adults to earn a living wage—as is generally the case in "home work"—these will be increased, perhaps radically in the "sweated trades." The number who are employed on a time basis and earn less than a living wage will be reduced. Thus the average of wages paid women workers will be increased unless those who would otherwise be paid more than the minimum are compelled to accept lower wages.

A fourth result will probably be that some of those who are now earning more than a living wage on a time basis will have their wages reduced. The union rate has had that effect; some of those of more than average efficiency have been sacrificed to an extent. The regulation of wages in the Australian states, also, is usually reported to have had this incidental effect. Employers will be compelled to make some readjustments and will no doubt level wages down in some of those cases where they can. But, statements frequently made to the contrary notwithstanding, wages will not be leveled down until they become uniform for all employees regardless of differences in efficiency. Such is not the object of this regulation and such has not been the result elsewhere. The minimum time-wage does not become a uniform wage paid to all. In Victoria, for example, where wages are sometimes said to have been made uniform, we find in 1908 that of 48 women in a shoe factory, 10 received more than the minimum established by the wage board.[1] In one clothing factory, 146 women were paid the minimum of 20*s*. a week, 44 more than that sum. In another clothing factory, 28 per cent, and in a dressmaking factory, 38 per

[1] Aves, *Report on the Wages Boards and Industrial Conciliation Acts of Australia and New Zealand*, 1908, pp. 48–50.

cent received more than the minimum established. These are typical cases. Payment above the minimum rate does occur. Indeed, the most recent American investigator of the system denies that there has been any leveling down whatever.[1] In the case of piece wages, of course, any leveling down is practically out of the question. All are enabled to earn more at the higher rates if the rates are increased.

As a fifth result, various petty abuses by the less scrupulous employers will be checked, such as exacting payment for this, that, and the other thing—drinking water in the mills at Lawrence, Massachusetts, for example—and the imposition of arbitrary and exorbitant fines. The methods of the better employers will be imposed to a considerable extent upon others.

As a sixth result, business will be injured at certain points. Home work will be curtailed, for its chief advantage is found in the fact that the labor supply is obtained for less than is paid in factories and shops. Likewise, those employers whose business is poorly managed or whose methods are antiquated will suffer loss unless they can overcome the handicaps under which they labor. The net result will be that the more efficient firms and the more efficient forms of organization will gain at the expense of the less efficient when the subsidy of cheap labor is denied the latter. Though this will work a certain amount of hardship, it is improper to subsidize inefficient management and antiquated methods at the expense of the health and efficiency of the employees.

As a seventh result, this legislation, being confined to certain states, may be expected to depress the industries of the regulated localities and build up those of other localities where such regulation does not obtain, in so far as competition is effective beyond state boundaries. Such has been the effect of the regulation of the hours of labor and of child-labor legislation. These regulations have placed a premium on the location of factories in those places where the labor of women and children could be had on the most profitable terms. But any such change in the location of establishments will be limited to those engaged in highly competitive interstate

[1] Hammond, in *Annals of the American Academy of Political and Social Science*, July, 1913, pp. 13 ff.

industries. Laundries, stores, and factories supplying a local need will of course not migrate beyond the jurisdiction of a minimum-wage law. And in the case of textile factories, box factories, and the like, any tendency to migrate will be checked by the fact that wages are only one element, and frequently a small element, in cost. On the whole, the setback of the regulated localities will not be noteworthy unless the regulation of wages is very radical.

To a certain extent prices will be increased and the cost of living will rise. Frequently when labor has been organized and has secured higher wages and better labor conditions through the pressure of the strike and the boycott, consumers have had to pay more for the laborers' services and products. Organization of labor in the building trades has been responsible in no small degree for the rise in rents, and in the laundry trade for the increase in prices for laundry work. Where competition is local, the consumer must pay a price sufficient to cover expenses and yield an adequate profit. Profits can be reduced somewhat in aid of wages, but not greatly nor for long. Moreover, in some cases an increase in wages is likely to be used to bring about an increase in prices out of proportion to the increased cost of doing business, for, after all, the rate of profit for a time in certain trades depends upon how much the traffic will bear, and an improvement in working conditions may be used to cause the traffic to bear more. Yet, while the consumer will in some instances have to pay more than he now does in order to make possible the payment of living wages, two observations must be added. In the first place, when competition does not turn upon the possibility of cutting wages, the employer's attention is likely to be centered upon ways to improve his equipment and methods and to increase the efficiency of his working force. In many cases it is likely that it will be found possible to pay higher wages without increasing prices to the consumer and without reducing profits. The other observation is that the public has no claim to products and services at prices not sufficient to keep the average worker in a fair state of health and efficiency. Consumers should not be subsidized to the sacrifice of those who, through their employers, serve them. Especially is this so in those cases where the consumers are materially better off than the laborers.

As a ninth effect, some of those who work will be displaced and will be unemployable at the standard rates set.[1] The employer will not, for any great length of time, continue to employ persons who are not worth to him the price he must pay. In so far as permits are not granted to persons of less than the average efficiency to work for less than the usual wage, there will be a tendency to weed them out of the working force, in some cases substituting men for them, and in others making use of mechanical devices—as in handling cash in stores, now made the less expensive method. Any such displacing effect is likely to be very greatly exaggerated, however. Australian experience confirms this view. The tendency to displace should be checked by a number of counteracting influences. Any downward leveling of the wages of those who receive more than a living wage will make it possible for the employer to pay living wages to those who have had less. To a certain extent the readjustment is likely to be made by lumping the efficient and the "under-efficient," where time-wages are paid. The second of these checks is found in the fact that when employment depends upon efficiency and not upon willingness to accept starvation wages, many will show more efficiency and be worth more. They will exert themselves to keep their positions. Moreover, the health and vigor of those who are paid least now will be improved when they earn more. It is not unlikely, also, that further effort will be made by employers than is now witnessed—and there is not a little of it—by instruction, efficiency management, and what not, to increase the efficiency of the working force. And, finally, most of the work must still be done by the classes whose wages are regulated so that a readjustment of prices will take place sufficient to make the majority worth the while to employers at the wages set. As a result of these checks and the granting of permits to work at lower special rates to some of those whose efficiency has been undermined, the net effect is likely to be little more than that a clearer line will be drawn between those who are more and those who are less efficient, and that more of the unemployment will be concentrated

[1] For the early displacement under the wages board system in Victoria, see Aves, *Report on the Wages Boards and Industrial Conciliation Acts of Australia and New Zealand*, pp. 59–61.

upon the latter and upon the "home workers" whose employment is likely to be considerably curtailed when low wages cannot be paid. The problem of the unemployables thus created is a serious one. It is especially serious in the case of "home workers," the great majority of whom are defective or else charged with the care of young children or with household duties, so that they cannot leave the home to work elsewhere for any considerable length of time. Most of them cannot fit into the industries conducted along what we have come to regard as normal lines.[1]

In the tenth place, the regulation of the wages of women and minors will protect male adults to some extent against the disastrous effects of the underbidding by these classes. It will tend to remove the premium which has been placed upon the labor of women and youths because of the low wages they accept.

An eleventh result should be that the number of strikes in the textile and the garment trades will be diminished and the advance of such revolutionary organizations as the Industrial Workers of the World checked. In Victoria and the other Australian states where wages and the conditions of work are determined by wages boards, strikes have been of less frequent occurrence than before, because the machinery for the determination of what is fair is at hand and the pressure of public opinion to make use of it is strong. Moreover, the method of arriving at a fair wage may of itself teach the workers that after all there is not the absolute separation of interests which the oppressed at present are likely to assume to exist. Any reduction of the number of strikes, when adequate machinery is devised for solving difficulties, will be a decided gain to employees, employers, and the public which is frequently taxed to make good losses which have been incurred and to provide the necessary police force to maintain law and order. That the check-

[1] Thus, of 674 women engaged in home work, investigated by the agents of the Bureau of Labor, 590 were married and 556 of these were living with their husbands. Only about 5 per cent of the entire number were single. Of the 590 married women, 451 had young children to care for, and almost one-half of them had children under three years of age. The annual earnings of the husbands in the above cases averaged but $291. See Bureau of Labor, *Report on Condition of Woman and Child Wage-Earners in the United States*, II, chap. v.

ing of any revolutionary feeling, by striking at fundamental causes, is of importance will be generally accepted without question.

And, finally, a difficult administrative problem in the enforcement of wage standards will certainly develop. The setting of standards for the hours of labor, sanitary conditions, and child labor has brought with it acute problems of this kind. To meet them, legislation has become more and more rigid in its details designed to secure enforcement, and the inspection service has had to be strengthened. And yet, it cannot be said that we have been more than indifferently successful in those states which have made the greatest advance in the matter. In so far as home work is curtailed by the application of the minimum-wage principle, the enforcement of child-labor and sanitary regulations will be rendered less difficult. But to secure the enforcement of a wage standard itself will be a problem. Those who fear loss of employment will frequently bargain with their employers to accept less than the standard set, and the ease with which books may be falsified and the impossibility of detecting violation except from an examination of the books or upon complaint of the parties paid less than the required sum will frequently cause the less scrupulous employers to incur the risk of being penalized for an infraction of the law. Such has been the experience of Victoria. Moreover, the provisions of the law in some cases will no doubt be evaded by substituting the method of sale of materials and purchase of finished products for the wage relation assumed in the statutes. And, finally, the principle involved in the law will be violated where those who do not secure employment set up a miserable handicraft industry on their own account. While sweating in the old form was stamped out in Victoria, some of those who were sweated before wages were regulated have led a still more miserable existence as manufacturers and vendors on their own account.

In the opinion of the writer the imposition of wage standards without the intervention of wages boards, as has been done in Utah and as was planned in Kansas, is worse than of doubtful value. Without such wages boards and the incidental organization to which they may give rise, evasion will probably become widespread

and the law break down. But where, on the other hand, use is made of wages boards, where the standards set are made to fit more nearly the needs of the situation, and the labor force is incidentally organized more or less successfully, then a part of the necessary machinery to secure enforcement will be set up. The non-observance of standards is in such cases likely to come to the knowledge of the leaders among the workers, and the penalty of the law is more likely to be visited upon offending employers against whom complaints are lodged with the proper authorities. The wages-board system, it seems to the writer, is indispensable to the successful application of the minimum-wage principle. And, even with it, the problem of enforcement is likely to be more difficult than that we have experienced in connection with other branches of labor legislation.

These are, I think, the effects which may be expected to flow more or less immediately from the regulation of wages of women and youths under the minimum-wage laws being enacted. Of course far-reaching and disastrous results would follow upon very radical regulation. In the system itself, however, I see nothing of necessity revolutionary, little which would run counter to the working of economic laws operating under normal conditions, and very little which might discourage the expansion and limit the net results of our industry. I see no reason to think it will discourage efficiency; rather will it emphasize efficiency on the part of employers and employees. I see nothing which will necessarily curtail materially earned profits or the return to capital, so that industrial enterprise and the formation and investment of capital need not be discouraged.

If the conviction expressed with reference to the problem of enforcing the observance of standards is well founded, the success of minimum-wage legislation will depend largely on how the principle is applied. If properly applied, it will reduce industrial friction, check a non-constructive radicalism, diminish exploitation, tend to standardize wages where desirable standards are not set by the free play of economic forces, and work to rid us of those industries, forms of organization, and establishments which can only maintain themselves by undermining the health and efficiency of

the average woman worker employed in them. Yet it should be evident from the analysis made that such regulation is not an entire solution of the problem of low earnings. The living wage for women and minors is an individual living wage—not a guaranty of income sufficient to maintain the widow with children who need opportunity and care as well as support. It is designed to establish standards; it is not a guaranty of employment to those who are noticeably deficient in ability and industry. The higher the standard set, other things remaining the same, the greater the friction and loss incident to readjustment, and the greater the number of the unemployable. The minimum wage, if accepted, should be merely a part of a program of social prevention and care.[1]

To the minimum wage should be added a carefully safeguarded system of mothers' pensions in order to have a closer approach to a solution of the problem of inadequate earnings. And, better still, the need for mothers' pensions must be eliminated so far as possible by the prevention of industrial accidents and occupational diseases, and by the provision of insurance based upon the needs of the family group where the campaign of prevention does not succeed. There must be instituted also such means as labor exchanges to fit those who are displaced into the proper niches in so far as they can be provided with employment on acceptable terms. And to these must be added measures designed to increase the efficiency of those among the unemployable who are not hopeless cases. For those who are hopelessly inefficient and are weeded out by the standards set, and for others who may be for the time unemployed, provision in suitable form must be made. Most of those who will be unemployable are not self-supporting now; they should not be; with the regulation of wages it is simply a question of the best form for philanthropy to take.

At the outset it was stated that the movement for a minimum wage seems likely to become general unless checked by the courts.[2] Whether a check will be applied by the courts remains to be seen,

[1] With reference to this, see Seager, in *Annals of American Academy of Political and Social Science*, July, 1913, pp. 1–12.

[2] For discussion of the legal aspects of the minimum wage, see Massachusetts, *Report of Commission on Minimum Wage Boards*, pp.22–24, and Holcombe, "The Legal Minimum Wage in the United States," *American Economic Review*, II, 19–37.

for no case has as yet been adjudicated. One question which will be raised is whether or not permitting a wages commission to fix minimum wages is not an unconstitutional delegation of legislative power. With reference to this, it would seem that the laws enacted have been so framed that they will probably succeed in meeting the test. They lay down the principle to be applied and make unlawful the payment of less than a minimum as defined, and leave it to a commission to decide what rates are necessary to meet the requirement thus fixed upon by the legislative branch of the government. In other branches of regulation, as for example, in the fixing of railroad rates, commissions have exercised this function of determining the specific conditions which should be imposed in order to make the requirements of the law effective. The wages commissions provided for will have no more legislative power than that now exercised by other commissions with the approval of the courts.

The fundamental question which will arise is, however, whether this regulation is a proper exercise of the police power, or whether it is not an improper infringement of the right of free contract and does not amount to taking property without due process of law. With reference to this, it is said, there is no logical distinction to be made between exacting standards with regard to wages and exacting standards with regard to the hours of work for women, sanitation, and the like, which, within limits, has been held by the courts to be a valid exercise of the police power in the protection of health, morals, and social welfare. Stripped of all unessentials, the question as to whether or not any given regulation of labor conditions is a valid exercise of the police power depends largely upon the opinion of the trial court as to the desirability of regulation to meet the problem attacked. Just so will it be with the regulation of wages. No new principle is involved. The outcome will depend largely on how well the problem and the order are presented to the court and how well the given case is defended—just as shorter hours for women have been held to be valid only when carefully presented. That law is most likely to be sanctioned by the courts which makes use of wages boards and requires a unanimity of opinion on the part of at least two of the three sets of representatives before action is taken. Standards thus set with a mass of evidence carefully compiled as a basis for

their imposition should receive most careful consideration by the courts. Standards otherwise set are much more likely to meet with court veto. But in cases involving the regulation of wages, the defenders of the law will probably labor under some handicaps thus far not experienced. The first will be that the relation between wages and health, efficiency, and morals, while perhaps none the less real than the relation between these and the hours of labor and sanitary conditions, is more difficult to establish and less immediate. The second will be found in the fact that personal habits and needs differ and a given uniform standard in wages will not fit all individuals so closely as do standards in the other branches of labor legislation. A third will be that the court may question whether or not it is to be taken for granted that women should be normally self-supporting, when in a great majority of cases they are members of a family group with a common fund. A fourth will be that some are placed under a handicap and practically denied employment by the regulation of wages, as adult laborers are not, except in extreme cases, by other kinds of labor legislation.

In concluding this discussion of the minimum wage, it may be noted that its more advanced advocates plead for its application to adult males.[1] It is being applied to men as well as to women in the

[1] The following table, compiled from the reports of the United States Immigration Commission, shows the average earnings of the heads of families employed in the industries specified, and the average of family income drawn from various sources:

Industry	Number of Households	Average Annual Earnings of Male Heads of Families	Average Annual Family Income
Iron and steel	2,456	$409	$568
Slaughtering and meat packing	1,039	578	781
Bituminous coal mining	2,371	451	577
Glass manufacture	660	596	755
Manufacture of woolen and worsteds	440	400	661
Manufacture and dyeing of silk goods	272	448	635
Manufacture of cotton goods	1,061	470	791
Manufacture of clothing	906	530	713
Manufacture of boots and shoes	710	573	765
Manufacture of furniture	338	598	769
Manufacture of collars, cuffs, and shirts	264	662	861
Manufacture of leather, etc	362	511	671
Manufacture of gloves	262	650	904
Oil refining	525	662	828
Sugar refining	194	549	661

A very excellent presentation of American wage statistics will be found in chap. vi of Streightoff's *The Distribution of Incomes in the United States*, "Columbia University Studies in History, Economics, and Public Law," Vol. LII, No. 2.

Australian states, and to miners of coal and to both men and women in certain sweated trades in Great Britain. It is argued that the need for a minimum wage for men is greater than for women, inasmuch as men are normally the heads of families and are charged with the support of the other members. The theory of our laws is that normally the husband and father should be charged with the support of his family. Investigation has shown, however, that many men do not earn enough to support their families in decency (see footnote on p. 153). With reference to the application of the principle of the minimum wage to men, however, two things may be said. Whatever the opinion of the courts may be as to the propriety of regulating the wages of women and minors, it is unlikely that they would approve of a statute regulating the wages of men. The two sexes do not stand upon the same plane in the exercise of the police power. The courts have permitted the general regulation of the hours of women gainfully occupied. They have denied the right to regulate the hours of men in private employment, except in extreme cases, as in mines.[1] An effort to regulate the wages of men is likely to defeat the effort to regulate those of women.

Nor, in the opinion of the writer, is the regulation of the wages of men so essential. They have more competitive ability, are more capable of organization to conserve their interests, are more mobile, and have more avenues of employment open to them. There is a problem of low earnings among men, of course, but important causes of low wages among them, other than "under-efficiency," are the large volume of low-standard immigration, the neglected immigrants who swell the supply of unskilled labor, and the competition on unequal terms of woman and child laborers. The better solution of the problem of low wages of men would appear to lie in attacking these important causes—"under-efficiency" by industrial education which promises vastly more for men than for women; the large supply of unskilled labor by restricting the volume of immigration, by the adoption of an internal immigration policy

[1] The position of the courts is well presented in Clark, *The Law of the Employment of Labor*.

which will raise the standard of the immigrant and bring about a competition on more nearly equal terms, and by securing a better distribution of the labor supply; the problem of the competition of woman and child laborers by applying to these classes in the best manner the principle of the minimum wage.

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